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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-052]

Certain Hardwood Plywood Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination with Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of certain hardwood plywood products (hardwood plywood) from the People's Republic of China (PRC). The period of investigation is January 1, 2015, through December 31, 2015.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

FOR FURTHER INFORMATION CONTACT: Justin Neuman or Matthew Renkey, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-0486 or (202) 482-2312, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (Act). The Department published the notice of initiation of this

investigation on December 16, 2016.¹ On January 27, 2017, the Department postponed the preliminary determination of this investigation to April 17, 2017.² For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.³ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is hardwood plywood from the PRC. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to the Department's regulations,⁴ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage, (*i.e.*, scope).⁵ Certain interested parties commented on the scope of the investigation as it appeared in the

¹ *See Certain Hardwood Plywood Products from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 FR 91131 (December 16, 2016) (*Initiation Notice*).

² *See Countervailing Duty Investigation of Certain Hardwood Plywood Products from the People's Republic of China: Postponement of Preliminary Determination*, 82 FR 8605 (January 27, 2017).

³ *See* Memorandum, "Decision Memorandum for the Preliminary Determination of the Countervailing Duty Investigation of Certain Hardwood Plywood Products from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁴ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁵ *See Initiation Notice*.

Initiation Notice. We have evaluated the scope comments filed by the interested parties and are issuing our preliminary decision regarding the scope of the AD and CVD investigations in conjunction with this preliminary determination. We will issue final scope decisions after considering any relevant comments submitted in case and rebuttal briefs.

Methodology

The Department is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, the Department preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁶

The Department notes that, in making these findings, it relied, in part, on facts available and, because it finds that one or more respondents did not act to the best of their ability to respond to the Department’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁷ For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances, in Part

In accordance with section 703(e)(1) of the Act, the Department preliminarily determines that critical circumstances exist with respect to imports of hardwood plywood from PRC for Shandong Dongfang Bayley Wood Co., Ltd. (Bayley Wood) and all other exporters or producers not individually examined (including those that did not respond to our quantity and value questionnaire), but do not exist with respect to Linyi Sanfortune Wood Co., Ltd. (Sanfortune).

⁶ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁷ See sections 776(a) and (b) of the Act.

For a full description of the methodology and results of the Department's analysis, *see* the Preliminary Decision Memorandum.

Alignment

As noted in the Preliminary Decision Memorandum, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), the Department is aligning the final countervailing duty (CVD) determination in this investigation with the final determination in the companion antidumping duty (AD) investigation of hardwood plywood from the PRC based on a request made by Petitioners.⁸ Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than August 30, 2017, unless postponed.

All-Others Rate

Sections 703(d) and 705(c)(5)(A) of the Act provide that in the preliminary determination, the Department shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. In this investigation, the Department preliminarily assigned a rate based entirely on facts available to Bayley Wood. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available is the rate calculated for Sanfortune. Consequently, the rate calculated for Sanfortune is also assigned as the rate for all-other producers and exporters.

⁸ See Petitioners' Alignment Request, dated April 13, 2017.

Preliminary Determination

The Department preliminarily determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate
Dongfang Bayley Wood Co., Ltd. ⁹	111.09 percent
Linyi Sanfortune Wood Co., Ltd.	9.89 percent
All-Others	9.89 percent
Anji Qichen Bamboo Industry Co. Ltd ¹⁰	111.09 percent
Deqing Shengqiang Wood Co., Ltd	111.09 percent
Guangxi Sunway Cen.Xi Artificial Board Ltd.	111.09 percent
Guangxi Sunway Forest Products Industry Co., Ltd.	111.09 percent
Hebei Tongli Wood Co., Ltd	111.09 percent
Heze Fulin Wood Products Co., Ltd.	111.09 percent
Jiashan Minghong Wood Industry Co., Ltd	111.09 percent
Jiaxing Brilliant Import & Export Co., Ltd	111.09 percent
Joc Yuntai International Trading Co., Ltd	111.09 percent
Keens Products	111.09 percent
King Sheng	111.09 percent
Kunming Alston Ast Wood Products Co., Ltd.	111.09 percent
Langfang Baomujie Wood Co., Ltd.	111.09 percent
Larkcop International Co., Ltd.	111.09 percent
Linyi Cathay Pacific Wood Factory	111.09 percent
Linyi Celtic Wood Co., Ltd.	111.09 percent
Linyi Dongri Plywood Co., Ltd	111.09 percent

⁹ As discussed in the Preliminary Decision Memorandum, the Department has found that Bayley Wood is cross-owned with Linyi Yinhe Panel Factory (Yinhe Panel), a producer of subject merchandise. The Department also applied total adverse facts available (AFA) to Bayley Wood and Yinhe Panel.

¹⁰ This company and those listed below are receiving the AFA rate because they did not respond to our quantity and value questionnaire.

Linyi Hongma	111.09 percent
Linyi Jinhua Wood Co., Ltd.	111.09 percent
Linyi Kai Yi Arts and Crafts Co., Ltd.	111.09 percent
Linyi Laiyi Timber Industry Co., Ltd	111.09 percent
Linyi Lianyi Wood Co., Ltd	111.09 percent
Linyi Raya Commerce	111.09 percent
Linyi Yutai Wood Co., Ltd	111.09 percent
Lishui Liancheng Pencil Manufacturing Co., Ltd.	111.09 percent
Mol Consolidation Service	111.09 percent
Ningbo Asia Pulp and Paper	111.09 percent
Ningbo Zhonghua Paper	111.09 percent
Qiangsheng Wood Co., Ltd	111.09 percent
Qingdao Liansheng International Trading	111.09 percent
Qufu Shengda Wood Co., Ltd	111.09 percent
Shandong Fengtai Wood Co., Ltd	111.09 percent
Shandong Hongyang Fire Resistant	111.09 percent
Shandong Xingang Group	111.09 percent
Shanghai Sunshine Decorative Materials Co., Ltd.	111.09 percent
Shenghe Wood Company Ltd	111.09 percent
Shouguang Evergreen Im & Ex Co. Ltd. ¹¹	111.09 percent
Shouguang Taizhong Wood Co., Ltd.	111.09 percent
Siyang Jiayuan Woodindustry Co., Ltd.	111.09 percent
Siyang Senda Wood Industry Co., Ltd.	111.09 percent
Suqian Bairun Wood Industry Co., Ltd	111.09 percent
Suqian Foreign Trade Co., Ltd.	111.09 percent
Suqian Sulu Wood Industry Co., Ltd. ¹²	111.09 percent
Suzbou Dong He Wood Co., Ltd.	111.09 percent

¹¹ This company was listed as having the following two “aka” names: Shouguang Evergreen Co., Ltd. and Weifang Evergreen Wood Co., Ltd.

¹² This company was listed as having the following “aka” name: Suqian Sulu Import and Export Trading.

Tianjin Canex	111.09 percent
Tianjin Zhanye Metal Products Co., Ltd.	111.09 percent
Xuzhou Fuyuan Wood Co., Ltd	111.09 percent
Xuzhou Hongwei Wood Co., Ltd.	111.09 percent
Xuzhou Ruilin Timber Co., Ltd.	111.09 percent
Xuzhou Shenghe Wood Products	111.09 percent
Xuzhou Woodhi Trading Co. Ltd.	111.09 percent
Xuzhou Yishun Brightwood Co. Ltd.	111.09 percent
Xuzhou Zhongda Building Materials Co., Ltd	111.09 percent
Xuzhou Zhongyuan Wood Co., Ltd.	111.09 percent
Yixing Lion-King Timber Industry Co., Ltd	111.09 percent
Zhejiang Deqing Shengqiang Wood Co., Ltd	111.09 percent
Zhejiang Fuerjia Wooden Company	111.09 percent
Zhejiang Jufeng Wood Co., Ltd	111.09 percent
Zhejiang Xinyuan Bamboo Products Co., Ltd	111.09 percent
Zhejiang Yongyu Bamboo Joint-Stock Co., Ltd	111.09 percent

Suspension of Liquidation

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, the Department will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), the Department will instruct CBP to require a cash deposit equal to the rates indicated above.

Section 703(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of (a) the date

which is 90 days before the date on which the suspension of liquidation was first ordered, or (b) the date on which notice of initiation of the investigation was published. The Department preliminarily finds that critical circumstances exist for imports of subject merchandise produced and/or exported by Bayley Wood and all other exporters¹³ or producers not individually examined. In accordance with section 703(e)(2)(A) of the Act, the suspension of liquidation shall apply to unliquidated entries of merchandise from the exporters/producers identified in this paragraph that were entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before the publication of this notice.

Disclosure

The Department intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(1) of the Act, the Department intends to verify the information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹⁴ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this

¹³ This includes those companies that are receiving the AFA rate, as described in footnote 10.

¹⁴ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, D.C. 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

International Trade Commission Notification

In accordance with section 703(f) of the Act, the Department will notify the International Trade Commission (ITC) of its determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: April 17, 2017

Ronald K. Lorentzen,
Acting Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is hardwood and decorative plywood, and certain veneered panels as described below. For purposes of this proceeding, hardwood and decorative plywood is defined as a generally flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of non-coniferous wood (hardwood) or bamboo. The veneers, along with the core may be glued or otherwise bonded together. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2016 (including any revisions to that standard).

For purposes of this investigation a “veneer” is a slice of wood regardless of thickness which is cut, sliced or sawed from a log, bolt, or flitch. The face and back veneers are the outermost veneer of wood on either side of the core irrespective of additional surface coatings or covers as described below.

The core of hardwood and decorative plywood consists of the layer or layers of one or more material(s) that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to hardwood, softwood, particleboard, or medium-density fiberboard (MDF).

All hardwood plywood is included within the scope of this investigation regardless of whether or not the face and/or back veneers are surface coated or covered and whether or not such surface coating(s) or covers obscures the grain, textures, or markings of the wood. Examples of surface coatings and covers include, but are not limited to: ultra violet light cured polyurethanes; oil or oil-modified or water based polyurethanes; wax; epoxy-ester finishes; moisture-cured urethanes; paints; stains; paper; aluminum; high pressure laminate; MDF; medium density overlay (MDO); and phenolic film. Additionally, the face veneer of hardwood plywood may be sanded; smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing. All hardwood plywood is included within the scope even if it is trimmed; cut-to-size; notched; punched; drilled; or has underwent other forms of minor processing.

All hardwood and decorative plywood is included within the scope of this investigation, without regard to dimension (overall thickness, thickness of face veneer, thickness of back veneer, thickness of core, thickness of inner veneers, width, or length). However, the most common panel sizes of hardwood and decorative plywood are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048 mm (48 x 120 inches).

Subject merchandise also includes hardwood and decorative plywood that has been further processed in a third country, including but not limited to trimming, cutting, notching, punching, drilling, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope product.

The scope of the investigation excludes the following items: (1) structural plywood (also known as “industrial plywood” or “industrial panels”) that is manufactured to meet U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), and which has both a face and a back veneer of coniferous wood; (2) products which have a face and back veneer of cork; (3) multilayered wood flooring, as described in the antidumping duty and countervailing duty orders on Multilayered Wood Flooring from the People’s Republic of China, Import Administration, International Trade Administration. *See Multilayered Wood Flooring from the People’s Republic of China*, 76 FR 76690 (December 8, 2011) (*amended final determination of sales at less than fair value and antidumping duty order*), and *Multilayered Wood Flooring from the People’s Republic of China*, 76 FR 76693 (December 8, 2011) (*countervailing duty order*), as amended by *Multilayered Wood Flooring from the People’s Republic of China: Amended Antidumping and Countervailing Duty Orders*, 77 FR 5484 (February 3, 2012); (4) multilayered wood flooring with a face veneer of bamboo or composed entirely of bamboo; (5) plywood which has a shape or design other than a flat panel, with the exception of any minor processing described above; (6) products made entirely from bamboo and adhesives (also known as “solid bamboo”); and (7) Phenolic Film Faced Plyform (PFF), also known as Phenolic Surface Film Plywood (PSF), defined as a panel with an “Exterior” or “Exposure 1” bond classification as is defined by The Engineered Wood Association, having an opaque phenolic film layer with a weight equal to or greater than 90g/m³ permanently bonded on both the face and back veneers and an opaque, moisture resistant coating applied to the edges.

Excluded from the scope of these investigations are wooden furniture goods that, at the time of importation, are fully assembled and are ready for their intended uses. Also excluded from the scope of these investigations is "ready to assemble" ("RTA") furniture. RTA furniture is defined as furniture packaged for sale for ultimate purchase by an end-user that, at the time of importation, includes 1) all wooden components (in finished form) required to assemble a finished unit of furniture, 2) all accessory parts (e.g., screws, washers, dowels, nails, handles, knobs, adhesive glues) required to assemble a finished unit of furniture, and 3) instructions providing guidance on the assembly of a finished unit of furniture.

Excluded from the scope are kitchen cabinets that, at the time of importation, are fully assembled and are ready for their intended uses. Also excluded from the scope of these investigations are RTA kitchen cabinets. RTA kitchen cabinets are defined as kitchen cabinets packaged for sale for ultimate purchase by an end-user that, at the time of importation, includes 1) all wooden components (in finished form) required to assemble a finished unit of cabinetry, 2) all accessory parts (e.g., screws, washers, dowels, nails, handles, knobs, hooks, adhesive glues) required to assemble a finished unit of cabinetry, and 3) instructions providing guidance on the assembly of a finished unit of cabinetry.

Imports of hardwood plywood are primarily entered under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4412.10.0500; 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4075; 4412.31.4080; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0565; 4412.32.0570; 4412.32.2510; 4412.32.2525; 4412.32.2530; 4412.32.3125;

4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3141; 4412.94.3161; 4412.94.3175; 4412.94.4100; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5115; and 4412.99.5710.

Imports of hardwood plywood may also enter under HTSUS subheadings 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.10.9000; 4412.94.5100; 4412.94.9500; and 4412.99.9500.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

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